

MEETING MINUTES OF THE COUNCIL OF THE VILLAGE OF WEST ALEXANDRIA

Special Meeting

Wednesday, November 20, 2019

MEETING DATE: 11/20/2019

TIME: 1:00 PM, LOCATION: EMS BUILDING, WEST ALEXANDRIA, OHIO

Mayor Lunsford called the meeting to order at 1:03pm

ROLL CALL COUNCIL MEMBERS: All members of council present: Karen Mays, Ashley Meyers, Dan Utsinger, Holly Robbins. Jeff Hickey, Shannon Smith.

OTHERS PRESENT – Mayor, Carol Lunsford, Fiscal Officer, Wendy Chesney, Water/Wastewater Superintendent, Jim Hans, USDA Representatives Ashley Kelly and Cindy Cameron, Great Lakes RCAP Representative, Nathan Davis. Community Members present: Michelle Laughlin, Troy Lunsford, Jan Pearce, Kim Pearce, Tara Riddlebarger.

Ashley Kelly introduced himself and gave a brief history of the waste water treatment plant project and the involvement of the USDA, Great Lakes RCAP, CDGB and the US EPA over the course of the last two years. Notable points being the Village has a construction loan now, but at the time of closing on the permanent loan (approximately one year from now) the big payment will be due and currently the revenue being collected will not cover the cost of the loan payment. One unique aspect is the village had a 10- year savings built up to draw from initially. However, this caused difficulty when trying to determine the amount of sewer rate increases needed in order to cover the debt service, the operation and maintenance, short-lived assets, contingency reserves, etc. for the new plant and the amounts of the loans.

Ashley Kelly continued with the history. There are two loans with the USDA, having interest rates guaranteed to be locked in at 2.75% and 3.125% at the close of the loan. Currently there is an opportunity to lock in and close on the loans at a 2.375% interest rate before the end of 2019, which over the course of a 40 year loan would mean a huge savings. In order to do so, a formal rate study must be completed to determine the amount of an additional sewer rate implementation necessary to cover the loan. Ashley Kelly pointed out that the village had enacted sewer rate changes in 2019 for two reasons, there had not been an increase in rates in ten or more years, and there was a need to build a loan payment reserve totaling \$19,000.00 per month. The rate increases that were implemented did not provide the amount of \$19K per month. This was likely due to many factors included but not limited to fluctuating usage over the seasonal months and residents becoming more conservative with their usage. As a result, the Village will need to utilize the services of GLRCAP to assist in the formal rate study before implementing another rate increase.

Nathan Davis from GL RCAP, gave a power point presentation on the process and function of the rate study, mentioning that Wayne Cannon from GLRCAP would be the one to do the rate analysis from all the data collected from the Village. The results of the rates study will be used to determine operating costs of the sewer plant and department, budgeting issues, asset management planning, capital improvement planning, and long term debt coverage, as well as be able to develop a five-year operating plan/budget for the village sewer operations.

Multiple factors of financial history, production history, and water-use history, customer billing information, and operation and maintenance history will be used to complete the study. At the conclusion of the rate study a base minimum billing will be calculated to cover fixed operating expenses, capital costs of utility as well as variable costs of utility for things like short-lived assets and emergency and replacement reserves. The village would then need to implement the rate as indicated

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by the rate study results. A base minimum bill as well as a usage volume bill would be implemented if necessary.

The discussion of the village council included a question and answer session. The rate study will likely take 2-3 months to complete before a rate would be implemented. The cost of the rate study for the sewer department would be \$6500 and would be covered out of the CDBG grant monies already available to the village in the project. Addition discussion was held regarding the effects of this rate study impacting the water department, as the two departments operate hand-in-hand with a need for updates and capital improvements, such as the water tower. Ashely Kelly indicated that when there is shared equipment and employees it is advantageous to perform the rate study for both utilities in order to have a more accurate picture of the whole processes. Nathan indicated a savings in doing both rate studies at the same time. Discussion was held to determine whether there would be funds available from the water reserves to perform a rate study on the water utility as well. Jeff Hickey moved to employ GLRCAP to perform the rates study for the sewer department, using the CDBG funds available in the current project and perform the rate study for the water department from the village water fund reserves. Shannon Smith seconded the motion. Roll call vote: 6 yeas, 0 nays. Motion carried.

Ashely Myers went on record saying that she felt that this study should have been done at the beginning of the project so the additional rate implementation could have been avoided. Ashley Kelly indicated that the village had several factors that played into the position the village is currently in such as the rates not being increased over the last ten years, the delay of the council in starting the project in a timely manner years ago when the EPA indicated the necessity for it to be updated, issues obtaining property on which to build, and other bidding factors with the project engineer and the increase in construction cost over-runs of the project.

Further discussion led Jeff Hickey to move for the Village Council to actively engage RCAP and enact their recommended sewer rate study result for the rate increase necessary to cover the USDA debt service, USDA reserve fund, short-lived assets, and operation and maintenance projected costs in order to close the USDA loan prior to December 31, 2019 at the lower interest rate. Holly Robbins seconded the motion. Roll call: 6 yeas, 0 Nays. Motion carried.

On a separate topic Ashley Kelly clarified that the resident project representative (RPR) called Ryan (USDA representative) and stated that he isn't on site all the time. There was a miss communication in what was meant by that. Clarification was given, such that as long as there are construction workers on the site working there will be a RPR on site to supervise the construction. Over the holidays and when the job site is shut-down or delayed due to weather, etc. the RPR will not be on site – in order to save costs toward the project.

Motion to adjourn by Holly Robbins, seconded by Shannon Smith. Vocal vote; 6 yeas, 0 nays. Motion carried. Meeting adjourned at 2:58 pm

PASSED _____

MAYOR

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FISCAL OFFICER